Attorney Carole Neville
Dentons US LLP
1221 Avenue of the Americas
New York, New York 10020-1089 USA

Attorney Heather Lennox 222 East 41<sup>st</sup> New York, New York USA



RE: CITY OF DETROIT ANNUITY SAVINGS FUND (ASF) RECOUPMENT CALCULATION FOR: CAROLYN L. MATTHEWS, PENSION #187795, RETIREMENT YEAR 2009/2010 CLASS 11 and 12

Following is an excerpt from a City of Detroit publication entitled: ANNUITY SAVINGS FUND RECOUPMENT PROCEDURE – DETROIT BANKRUPTCY, POSTED 7/4/2014 at the detroitcityretirees, wordpress.com site.

6.....The calculation of the ASF Recoupment amount is (a) based either on the amount of excess interest credited to your account between July 1, 2003 and July 30, 2013 or (b) 20% of the highest balance in your account during that period, whichever is lower. The ASF Recoupment amount is also capped at 15.5% of your monthly pension check. Note: Alpha designations are writers.

I interpret the above referenced City dictated procedure to mean that whichever calculation is used the recoupment period is 10 years (July 2003 – June 2013), but if application (a) is used only the amount of interest the city deems as excessive is targeted for recoupment, however, if application (b) is used both the ASF participants' personal after-tax savings, as well as, ALL interest earned is included in the recoupment calculation. In my case, it seems that the calculation procedure used was a perverted hybrid of both the entire dictated calculation procedure which did not produce the lowest City proposed recoupment amount for me.

My proposed recoupment amount is exactly 20% of my approximate 15 year ASF accumulation; both my contributions and ALL the interest earned are used as factors in determining proposed recoupment amount. Surely, I do not have to return to the City any percentage of previously taxed monies that I saved in my ASF, and interest earned in years not included in the excess interest recapture period. I have included a copy of my 2003-2004 FISCAL YEAR ANNUITY REFUND REPORT which indicates the balances of both interest and contributions that were carried over into 2003-2004. Also, I have included fiscal annuity refund report for 2005-2009, which show the interest earned in the years in which my ASF count should be subjected to ASF excess interest recoupment (2003-2009) as dictated by the City.

I am referring this matter to you because, it has come to my attention that at a July 15, 2014, bankruptcy hearing that Judge Steven Rhodes, issued a directive/order to you to have a system developed wherein retirees subject to ASF recoupment can have their recoupment related questions answered and concerns addressed.

## Specifically, I am requesting

- 1. To have my ASF fund contributions extracted from formula used to derive at my proposed recoupment amount because according to information generated by the City, only excess interest earned is subject to recoupment, moreover, I believe it is unlawful to force payment of money, that is, my fund contributions to be paid to the City.
- 2. To have proposed recoupment calculation confined to 10 year period as stated in City directive.
- 3. Furnish each year that excess interest was earned on my account. Also, the amount and percentage that was deemed to be excessive.
- 4. Furnish the rate of interest that the General Retirement System ASF realized each year of the years my ASF account is affected by recoupment.

In summary, it appears that my proposed amount to be recouped by the City is incorrect. The amount is derived by taking a percentage of all monies accumulated in my annuity account and not limited to whatever monies that may have been deemed as excessive interest or to the City specified time period.

Sincerely,

Carolyn L. Matthews

26729 Evergreen Meadows

Carolyn L. Matthews

Southfield, Michigan 48076

## **Enclosures:**

Copy of Annuity Savings Fund Recoupment Procedure – Detroit Bankruptcy Alternative A and B worksheet included with Ballot Fiscal Year Annuity Refund Report (2003-2009)

Cc: File

Judge Steven Rhodes

Carolyn L. Mattheius pensior#18-1795

<u>ALTERNATIVE A</u>: If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan and the Court approves the Plan, the Outside Funding will be contributed to GRS. Under this alternative, your monthly pension payments are estimated to change as follows:

Line 1: Your Current Monthly Pension Is:	\$1,679.74
Line 2: Line 1 multiplied by 0.955 (to show a 4.5% reduction) is:	\$1,604.15
Line 3: Your Estimated Annuity Savings Fund Monthly Recoupment is:***	\$177.43
Line 4: Your New Estimated Monthly Pension Payment (flat payment; no COLAs) is:	\$1,426.72
*** The total Estimated Amount of your Annuity Savings Plan Recoupment is:	\$19,857.03

\*\*\*

<u>ALTERNATIVE B</u>: If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to GRS. Under this alternative, your monthly pension payments are estimated to change as follows:

Line 1: Your Current Monthly Pension Is:	\$1,679.74
Line 2: Line 1 multiplied by 0.73 (to show a 27% reduction) is:	\$1,226.21
Line 3: Your Estimated Annuity Savings Fund Monthly Recoupment is:***	\$177.43
Line 4: Your New Estimated Monthly Pension Payment (flat payment; no COLAs) is:	\$1,048.78
*** The total Estimated Amount of your Annuity Savings Plan Recoupment is:	\$19,857.03

\*\*\*

In addition, if you vote for the Plan <u>and</u> the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to the Retiree Committee.

## SUBMITTING YOUR BALLOT:

If you were not retired or a surviving beneficiary as of the Pension Record Date, if you did not hold a GRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at detroitinfo@kccllc.com.

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

13	13/1/14 8:09 am		Re 2003-200	Retiremen -2004 Fisca	<i>tt Systems (</i>   Year Ann	Retirement Systems City of Detroit 004 Fiscal Year Annuity Refund Renort	Report		
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l6-tjt	Revenue Group Water	ıter	Payroll Status	tus Active	THE PROPERTY OF THE PROPERTY O	Annuity Status	Active		
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Filed	Last Annuity Date	06/25/2004				And the second s			
10/2	Accum	Accumulated Balance		Interest			Adjustments		Annuitized
	July 1 Balance	\$33,542.58	Up To 1970	<u>070</u>	\$0.00	Pre Tax	\$0.00	Pre Tax	\$0.00
•	Current Contribution	\$3,148.42	Total To Date*	Date*	\$16,434.89	Post-Tax	\$0.00	Post-Tax	\$0.00
	Total To Date	\$36,691.00	Current Year*	Year*	\$2,767.94	Interest	\$0.00	Total	\$0.00
10/28/	Total Contributions	\$23,024.05	Pre-Tax	Pre-Tax Contribution	\$0.00	Total	80.00		
•	Non-Tax Amount	\$23,024.05	Tax Amount*	unt*	\$16,434.89				
	Total Annuity	\$39,458.94	Net Annuity*	nuity*	\$39,458.94				
Page 4 of 10			This in	This includes 03-04 bonus distribution of:	bonus distri	bution of:	\$0.00		

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H. Last Annuity Date	06/24/2005						
10/2	Accumulated Balance	Interest			Adjustments	,	Annuitized
11/4 <u>July 1 Balance</u>	\$39,458.94	Up To 1970	80.00	Pre Tax	80.00	Pre Tax	80.00
Gurrent Contribution	<u>n</u> \$3,282.56	Total To Date*	\$20,294.02	Post-Tax	80.00	Post-Tax	80.00
Total To Date	\$42,741.50	Current Year*	\$3,859.13	Interest	\$0.00	<u>Total</u>	\$0.00
Total Contributions	\$26,306.61	Pre-Tax Contribution	80.00	<u>Total</u>	80.00		
Non-Tax Amount Science 160 Non-Tax Amount Science 161 Non-Tax Amount Non-Tax Amou	\$26,306.61	Tax Amount*	\$20,294.02				
25. Total Annuity	\$46,600.63	Net Annuity*	\$46,600.63		The same of the sa		
Page 5 of 10		This includes 04-05 bonus distribution of:	05 bonus distri	bution of:	\$616.19		

13	13 8:11 am		Re 2005-200	Retireme -2006 Fisca	<i>nt Systems</i> Il Year Anr	Retirement Systems City of Detroit 1006 Fiscal Year Annuity Refund Renort	Report		
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8120 l	Address 9563 S7	9563 STOUT DETROIT, MI 48228	MI 48228						
Filed	Last Annuity Date	06/30/2006							
10/2	Accum	Accumulated Balance		Interest			Adjustments		Annuitized
4/14	July 1 Balance	\$46,600.63	Up To 1970	<u>970</u>	\$0.00	Pre Tax	80.00	Pre Tax	\$0.00
En	Current Contribution	\$3,212.30	Total To Date*	Date*	\$31,406.98	Post-Tax	80.00	Post-Tax	80.00
tered	Total To Date	\$49,812.93	Current Year*	Year*	\$11,112.96	Interest	80.00	<u>Total</u>	\$0.00
10/28/	Total Contributions	\$29,518.91	Pre-Tax	Pre-Tax Contribution	\$0.00	<u>Total</u>	80.00		
14 09:5	Non-Tax Amount	\$29,518.91	Tax Amount*	ount*	\$31,406.98				
7:35	Total Annuity	\$60,925.89	Net Annuity*	nuity*	\$60,925.89				
Page 6 of 10			This i	This includes 05-06 bonus distribution of:	bonus distr	ibution of:	\$7,234.39		

13	13/1/14 8:11 am		2006-2	<i>Retiremen</i> 2007 Fisca	<u>t Systems C</u>  Year Annu	Retirement Systems City of Detroit 2006-2007 Fiscal Year Annuity Refund Report			
-538 <sup>2</sup>	CHATTHEWS, CAROLYN L.	L.	AND TO THE PERSON NAMED OF	Pension N	Pension Number 187795		- Modelline volcher und der gegen der de	· Parameter Andreas	
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8120	Address 9563 S	9563 STOUT DETROIT, MI 48228	MI 48228						
Filed	Last Annuity Date	06/29/2007							
10/2	Accumi	Accumulated Balance		Interest			Adjustments		Annuitized
4/14	July 1 Balance	\$60,925.89	Up To 1970	<u>70</u>	80.00	Pre Tax	80.00	Pre Tax	\$0.00
En	Current Contribution	\$2,928.33	Total To Date*	Date*	\$46,712.91	Post-Tax	\$0.00	Post-Tax	80.00
tered	Total To Date	\$63,854.22	Current Year*	/ear*	\$15,305.93	Interest	\$0.00	Total	\$0.00
10/28/	Total Contributions	\$32,447.24	Pre-Tax C	Pre-Tax Contribution	80.00	Total	80.00		
14 09:5	Non-Tax Amount	\$32,447.24	Tax Amount*	int*	\$46,712.91				
7:35	Total Annuity	\$79,160.15	Net Annuity*	uity*	\$79,160.15				
Page 7 of 10			This includ	cludes 06-07	es 06-07 bonus distribution of:	ution of:	\$10,376.50		

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8120	Address 267291	26729 EVERGREEN MEADOWS CT SOUTHFIELD, MI 48076	ADOWS CT SOI	JTHFIELD, MI	48076				
Filed	Last Annuity Date	06/27/2008							
10/2	Accum	Accumulated Balance		Interest			Adjustments		Annuitized
4/14	July 1 Balance	\$79,160.15	Up To 1970	07.0	80.00	Pre Tax	\$0.00	Pre Tax	\$0.00
En	Current Contribution	\$3,196.04	Total To Date*	Date*	\$53,090.59	Post-Tax	\$0.00	Post-Tax	80.00
tered	Total To Date	\$82,356.19	Current Year*	Year*	\$6,377.68	Interest	\$0.00	<u>Total</u>	\$0.00
10/28/1	Total Contributions	\$35,643.28	Pre-Tax	Pre-Tax Contribution	80.00	<u>Total</u>	80.00		
L4 09:5	Non-Tax Amount	\$35,643.28	Tax Amount*	unt*	\$53,090.59				
7:35	Total Annuity	\$88,733.87	Net Annuity*	nuity*	\$88,733.87				
Page 8 of 10			This in	This includes 07-08 bonus distribution of:	bonus distril	bution of:	80.00		

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tirement Systems City of Detroit  O Fiscal Year Annuity Refund Report Pension Number 187795	Annuity Status	WComp Status			Pre Tax	Post-Tax	Interest	<u>Total</u>			ution of:
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<b>L</b> 10/1/14 8:13 am <b>C</b> 5 <b>S</b> MATTHEWS, CAROLYN I	Gro	<u>Vested?</u> No <u>Address</u> 26729 EV	Last Annuity Date		July 1 Balance	Current Contribution	Total To Date	Total Contributions	Non-Tax Amount	Total Annuity	
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